

**The Corporation of the Township  
of Pelee  
Financial Statements  
For the year ended December 31, 2014**

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**Financial Statements**  
For the year ended December 31, 2014

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Essex ON N8M 1B6 Canada

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## Independent Auditor's Report

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### To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Pelee

We have audited the accompanying financial statements of The Corporation of the Township of Pelee, which comprise the Consolidated Statement of Financial Position as at December 31, 2014, and the Consolidated Statement of Financial Operations and Accumulated Surplus, Consolidated Statement of Changes in Net Financial Assets (Debt) and Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Opinion

In our opinion, the consolidated financial statements present fairly in all material respects, the financial position of The Corporation of the Township of Pelee as at December 31, 2014, and their financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Emphasis of Matter

The financial statements of The Corporation of the Township of Pelee for the year ended December 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements on July 7, 2014. We were not engaged to audit, review, or apply any procedures to the 2013 financial statements of the Municipality and, accordingly, we do not express an opinion on any other form of assurance on the 2013 financial statements taken as a whole.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Essex, Ontario  
June 01, 2015

# The Corporation of the Township of Pelee Consolidated Statement of Financial Position

December 31	2014	2013
<b>Financial assets</b>		
Cash and cash equivalents	\$ 141,060	\$ -
Taxes receivable	254,063	231,414
Accounts receivable	158,166	76,029
Investments	-	2,035
Unbilled revenue	122,603	187,406
	<b>675,892</b>	<b>496,884</b>
<b>Liabilities</b>		
Bank indebtedness (Note 3)	-	476,081
Accounts payable and accrued liabilities	372,348	672,635
Deferred revenue	1,095	1,095
Net long-term debt (Note 4)	1,550,821	1,383,753
	<b>1,924,264</b>	<b>2,533,564</b>
<b>Net financial assets (debt)</b>	<b>(1,248,372)</b>	<b>(2,036,680)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	8,746,748	8,648,528
Prepaid expenses and inventories of supplies	44,762	44,762
	<b>8,791,510</b>	<b>8,693,290</b>
<b>Accumulated surplus (Note 7)</b>	<b>\$ 7,543,138</b>	<b>\$ 6,656,610</b>

Contingent liabilities (Note 8)  
Contractual obligations (Note 11)

Wayne Miller Treasurer

Dan Mayor

**The Corporation of the Township of Pelee**  
**Consolidated Statement of Financial Operations and Accumulated Surplus**

For the year ended December 31	Budget (Note 9) 2014	Actual 2014	Actual 2013
<b>Revenue</b>			
Taxation	\$ 1,453,409	\$ 1,477,471	\$ 1,357,166
Grants	156,992	1,292,133	423,402
User charges	233,820	237,784	247,699
Other	345,203	367,410	425,344
Interest and penalties	35,000	39,092	37,117
Gain on disposal of tangible capital assets	-	16,176	-
	<u>2,224,424</u>	<u>3,430,066</u>	<u>2,490,728</u>
<b>Expenses</b>			
General government	495,251	499,419	501,373
Protection to persons and property	88,123	58,021	82,817
Transportation services	589,001	583,412	521,640
Environmental services	491,322	555,741	490,366
Health services	74,273	80,451	72,337
Recreation and cultural services	647,297	635,190	698,388
Planning and development	129,762	131,304	179,734
	<u>2,515,029</u>	<u>2,543,538</u>	<u>2,546,655</u>
<b>Annual surplus (deficit)</b>	(290,605)	886,528	(55,927)
<b>Accumulated surplus, beginning of year</b>	<u>6,656,610</u>	<u>6,656,610</u>	<u>6,712,537</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 6,366,005</u>	<u>\$ 7,543,138</u>	<u>\$ 6,656,610</u>

The accompanying notes are an integral part of these financial statements.

**The Corporation of the Township of Pelee  
Consolidated Statement of Changes in Net Financial Assets (Debt)**

<b>For the year ended December 31</b>	<b>Budget (Note 9) 2014</b>	<b>Actual 2014</b>	<b>Actual 2013</b>
Annual surplus (deficit)	\$ (290,605)	\$ 886,528	\$ (55,927)
Acquisition of tangible capital assets	(93,600)	(290,252)	(12,613)
Change in tangible capital assets WIP	(240,000)	(239,620)	(60,099)
Amortization of tangible capital assets	432,000	431,652	429,469
	<u>(192,205)</u>	<u>788,308</u>	<u>300,830</u>
Net change prepaid expenses	-	-	(12,460)
<b>Net change in net financial assets (debt)</b>	<b>(192,205)</b>	<b>788,308</b>	<b>288,370</b>
<b>Net financial assets (debt), beginning of year</b>	<b>(2,036,680)</b>	<b>(2,036,680)</b>	<b>(2,325,050)</b>
<b>Net financial assets (debt), end of year</b>	<b>\$ (2,228,885)</b>	<b>\$ (1,248,372)</b>	<b>\$ (2,036,680)</b>

The accompanying notes are an integral part of these financial statements.

## The Corporation of the Township of Pelee Consolidated Statement of Cash Flows

For the year ended December 31	2014	2013
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus for the year	\$ 886,528	\$ (55,927)
Items not involving cash		
Amortization	431,652	429,469
Gain on disposal of tangible capital assets	(16,176)	-
(Increase) decrease in taxes receivable	(22,649)	243,846
(Increase) decrease in accounts receivable	(82,137)	-
(Increase) decrease in unbilled revenue	64,803	-
(Decrease) increase in accounts payable and accrued liabilities	(300,287)	52,959
(Increase) in prepaid expenses and inventories of supplies	-	(12,460)
	<b>961,734</b>	<b>657,887</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(290,252)	(12,613)
Change in tangible capital assets work-in-process	(239,620)	(60,099)
Proceeds on disposition of tangible capital assets	16,176	-
	<b>(513,696)</b>	<b>(72,712)</b>
<b>Investing activities</b>		
Decrease in investments	2,035	-
<b>Financing activities</b>		
Long-term debt issued	300,000	-
Long-term debt repaid	(132,932)	(131,052)
Net advances (repayments) of bank indebtedness	(476,081)	(454,123)
	<b>(309,013)</b>	<b>(585,175)</b>
<b>Net change in cash and cash equivalents</b>	<b>141,060</b>	<b>-</b>
Cash and cash equivalents, beginning of year	-	-
<b>Cash and cash equivalents, end of year</b>	<b>\$ 141,060</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.



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# The Corporation of the Township of Pelee

## Notes to the Consolidated Financial Statements

December 31, 2014

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### 1. Summary of significant accounting policies

#### Management responsibility

The consolidated financial statements of The Corporation of the Township of Pelee (the "Municipality") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for local governments using guidelines established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. The Corporation of the Township of Pelee is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Municipality provides municipal services such as fire, roads, water, wastewater, planning, parks, recreation and other general government services.

#### Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### Basis of consolidation

##### (i) Consolidated Financial Statements

The consolidated statements reflect the assets, liabilities, revenues and expenditures of the revenue fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards which are owned or controlled by the Municipality. All inter-entity transactions and balances have been eliminated on consolidation.

##### (ii) Accounting for County and School Board Transactions

The Municipality collects taxation revenue on behalf of the school boards and the County of Essex. The taxation and other revenues with respect to the operations of the County and school boards are not reflected in the Consolidated Statement of Operations. In addition, the revenues, expenses, assets and liabilities with respect to the operations of the County and school boards are not reflected in these financial statements except to the extent that any amounts due to or from are reported on the Consolidated Statement of Financial Position in "accounts receivable" or "accounts payable".

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# The Corporation of the Township of Pelee

## Notes to the Consolidated Financial Statements

December 31, 2014

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### 1. Summary of significant accounting policies (continued)

#### (iii) Trust funds

Funds held in trust by the Municipality, and their related operations are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

#### Basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Municipality, and is the difference between its assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

#### Unbilled revenue

The Municipality incurs costs to maintain and construct municipal drains which are recoverable from the benefiting landowners. In accordance with the Drainage Act these costs can accumulate for a five year period prior to being invoiced. Unbilled revenues represents accumulated drainage costs which have not yet been invoiced to the benefiting landowners.

#### Deferred revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

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# The Corporation of the Township of Pelee

## Notes to the Consolidated Financial Statements

December 31, 2014

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### 1. Summary of significant accounting policies (continued)

**Taxation and related revenue** Taxes are recognized as revenue in the year they are levied. Property tax billings are prepared by the municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services, the requisition made by the County of Essex in respect of County services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenue is recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal and write off for physical changes to the property. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sanitary sewer and water operations are funded by various revenues including frontage, connection and usage charges. Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

User charges and other revenues are recorded on the accrual basis of accounting noted above.

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# The Corporation of the Township of Pelee

## Notes to the Consolidated Financial Statements

December 31, 2014

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### 1. Summary of significant accounting policies (continued)

#### Government Transfers

Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements where the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.

#### Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use. It is the Municipality's policy not to amortize assets in the year of acquisition. The estimated useful lives of the various asset classes are as follows:

Land improvements	40 years
Buildings	25 to 50 years
Vehicles and other equipment	5 to 15 years
Plant and facilities	40 to 50 years
Roads, bridges and other structures	5 to 40 years
Underground and other networks	40 years

#### Employee future benefits

The Municipality does not have any obligation for post-retirement benefits.

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### 2. Future accounting changes

Effective for fiscal periods beginning on or after April 1, 2014, all governments will be required to adopt Public Sector Accounting Board Handbook ("PSAB") Section 3260, Liability for Contaminated Sites. This standard provides guidance to governments on the accounting and reporting of liabilities associated with the remediation of contaminated sites.

Management is currently in the process of evaluating the potential impact of adopting this standard.

# The Corporation of the Township of Pelee Notes to the Consolidated Financial Statements

December 31, 2014

### 3. Bank indebtedness

The Municipality has an authorized line of credit up to \$1,100,000 bearing interest at prime less 0.25%. At December 31, 2014, \$1,100,000 (2013- \$623,919) in unused credit was available.

### 4. Net long-term debt

The balance of long-term debt reported on the consolidated statement of financial position is made up of the following:

	2014	2013
<i>User Fee Supported</i>		
i) Ontario Infrastructure Projects Corporation (OIPC), Water plant debenture - repayable in semi-annual instalments of \$38,298 including interest at 4.63%, due June 1, 2041	\$ 1,162,725	\$ 1,184,732
ii) Libro Credit Union, Capital project loan - repayable in blended monthly instalments of \$2,219 including interest at 4%, due December 2, 2019	300,000	-
iii) Libro Credit Union, Road Resurfacing Loan - repayable in blended monthly instalments of \$3,967 including interest at 3.5%, due November 29, 2016	88,096	131,107
iv) Libro Credit Union, Marina Dock Loan - paid in full during the year	-	67,914
	\$ 1,550,821	\$ 1,383,753

# The Corporation of the Township of Pelee Notes to the Consolidated Financial Statements

December 31, 2014

## 4. Net long-term debt (continued)

Principal payments for the next 5 fiscal years and thereafter are as follows:

2015	\$	83,278
2016		82,575
2017		41,478
2018		43,318
2019		263,938
Thereafter		<u>1,036,234</u>
	\$	<u>1,550,821</u>

Interest payments included in revenue fund expenditures during the year were \$63,634 (2013- \$73,767).

The long-term liabilities issued in the name of the Municipality have received approval by the Municipal Board on or before December 31, 2014. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

## 5. Operations of school boards and the County of Essex

During the year, the following taxation revenue was raised and remitted to the school boards:

	<u>2014</u>	<u>2013</u>
Amount raised	<u>\$ 252,703</u>	<u>\$ 254,349</u>
Amount remitted	<u>\$ 339,886</u>	<u>\$ -</u>

## 6. Pension plan

The Municipality belongs to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its 13 staff members. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Municipal contributions made on behalf of its employees for 2014 was \$39,154 (2013 - \$39,246).

# The Corporation of the Township of Pelee

## Notes to the Consolidated Financial Statements

December 31, 2014

### 7. Accumulated surplus

(a) Accumulated surplus consists of individual fund surplus/(deficit) as follows:

	2014	2013
Invested in tangible capital assets	\$ 8,746,748	\$ 8,648,528
To be used to offset user charges and taxation	1,113,136	555,651
Water operations (Schedule 3)	(1,783,594)	(1,571,025)
Drainage (Schedule 3)	133,146	131,666
Library	60,403	58,617
Amounts to be recovered		
Municipal debt	(1,550,821)	(1,383,753)
Reserves and reserve funds (Note 7(b))	824,121	216,926
<b>Total accumulated surplus</b>	<b>\$ 7,543,139</b>	<b>\$ 6,656,610</b>

(b) Reserves and reserve funds consist of individual funds as follows:

	2014	2013
Water Treatment Plant	\$ 818,239	\$ 209,986
Community Centre	196	4,812
Library	1,986	-
Elections	1,509	1,460
Fireworks	954	-
Eco School	516	-
Official Planning Fees	468	468
Airport	200	200
Fire Department	53	-
<b>Reserves and reserve funds, end of year</b>	<b>\$ 824,121</b>	<b>\$ 216,926</b>

### 8. Contingent liabilities

The Municipality has been named defendant in certain legal actions. The ultimate liability if any, which may arise, is indeterminable as the Municipality has established valid defence positions. In the opinion of administration and legal counsel, any payments, which may result from these actions, are subject to material coverage under the Municipality's insurance policies. Consequently, the consolidated financial statements contain no provision for any liability, which may occur as a result of these claims.

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# The Corporation of the Township of Pelee

## Notes to the Consolidated Financial Statements

December 31, 2014

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### 9. Budget

The Financial Plan (Budget) By-Law adopted by Council on July 7, 2014 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council on July 7, 2014 with adjustments as follows:

	<u>2014</u>
Financial Plan (Budget) By-Law consolidated surplus/(deficit) for the year	\$ (192,205)
Add:	
Capital expenditures	333,600
Less:	
Amortization	<u>432,000</u>
	<u>\$ (290,605)</u>

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### 10. Comparative amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

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### 11. Contractual obligations

The Municipality has entered into various service agreements. The largest of these relates to The Minister of Community Safety and Correctional Services (Police Services). The obligation under this contract approximates \$40,000 in expenditures on an annual basis. The total expense included in the consolidated statement of financial activities for 2014 is \$39,620 (2013 - \$36,377). The duration of this contract is five years, it expires March 2019, and the contract can be terminated by either party with written notice of one year.



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# The Corporation of the Township of Pelee

## Notes to the Consolidated Financial Statements

December 31, 2014

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### 12. Tangible capital assets

The Consolidated Schedule of Tangible Capital Assets (Schedule 1) provides information on the tangible capital assets of the Municipality by major asset class as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(a) **Contributed Capital Assets**

The Municipality records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. There were no such transfers in the current or prior year.

(b) **Capitalization of Interest**

The Municipality has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset.

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### 13. Segmented information

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, water, wastewater and parks and recreation. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**General Government**

General government consists of three categories: governance, corporate management and program support. It includes offices of the Council, Chief Administrative Officer, Information Technology, Financial and Clerk Services.

**Protection to Persons and Property**

Protection is comprised of Fire and Police Services. The mandate of the Police Services department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The Fire Service department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires.

**Transportation**

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, snow clearing and removal and street lighting. Transportation also includes services related to the harbour and airport.

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# The Corporation of the Township of Pelee

## Notes to the Consolidated Financial Statements

December 31, 2014

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### 13. Segmented information (continued)

#### **Environmental**

Environmental services includes Water, Wastewater, Storm sewer, as well as Garbage Collection and Disposal. The department provides drinking water to citizens of Pelee, collecting and treating wastewater, and providing collection and disposal of waste and recycle.

#### **Health**

Health services are comprised of public health services which work to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

#### **Recreational and Cultural**

Recreational and cultural services refers to the operation of Municipally owned recreation facilities, parks, marina and campground.

#### **Planning and Development**

Planning and development refers to the operations of the planning consultant who facilitates the orderly growth of the Municipality in accordance with the official plan.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Municipal taxation revenue has been allocated based on the percentage of total budgeted expenditures. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure (Schedule 2).

**The Corporation of the Township of Pelee  
Consolidated Schedule of Tangible Capital Assets - Schedule 1**

**December 31, 2014**

	2014								
	Land	Land improve- ments	Buildings	Vehicles and other equipment	Plant and facilities	Roads, bridges and other structures	Underground and other networks	Assets under construction	Total
Cost, beginning of year	\$ 122,497	\$ 4,464,987	\$ 867,732	\$ 452,541	\$ 2,832,410	\$ 4,920,856	\$ 379,747	\$ 60,098	\$ 14,100,868
Additions	-	-	18,734	234,885	-	36,633	-	239,620	529,872
Disposals/writedowns	-	-	-	(13,770)	-	-	-	-	(13,770)
Cost, end of year	122,497	4,464,987	886,466	673,656	2,832,410	4,957,489	379,747	299,718	14,616,970
Accumulated amortization, beginning of year	-	2,411,487	390,377	328,317	137,281	2,134,309	50,569	-	5,452,340
Amortization	-	111,622	21,429	27,268	54,912	206,927	9,494	-	431,652
Disposals/writedowns	-	-	-	(13,770)	-	-	-	-	(13,770)
Accumulated amortization, end of year	-	2,523,109	411,806	341,815	192,193	2,341,236	60,063	-	5,870,222
Net carrying amount, end of year	\$ 122,497	\$ 1,941,878	\$ 474,660	\$ 331,841	\$ 2,640,217	\$ 2,616,253	\$ 319,684	\$ 299,718	\$ 8,746,748

**The Corporation of the Township of Pelee  
Consolidated Schedule of Tangible Capital Assets - Schedule 1**

December 31, 2013

	2013								
	Land	Land improve- ments	Buildings	Vehicles and other equipment	Plant and facilities	Roads, bridges and other structures	Underground and other networks	Assets under construction	Total
Cost, beginning of year	\$ 122,497	\$ 4,464,987	\$ 867,732	\$ 441,861	\$ 2,832,410	\$ 4,920,856	\$ 377,814	\$ -	\$ 14,028,157
Additions	-	-	-	10,680	-	-	1,933	60,098	72,711
Cost, end of year	122,497	4,464,987	867,732	452,541	2,832,410	4,920,856	379,747	60,098	14,100,868
Accumulated amortization, beginning of year	-	2,299,864	368,948	303,185	82,369	1,927,382	41,123	-	5,022,871
Amortization	-	111,623	21,429	25,132	54,912	206,927	9,446	-	429,469
Accumulated amortization, end of year	-	2,411,487	390,377	328,317	137,281	2,134,309	50,569	-	5,452,340
Net carrying amount, end of year	\$ 122,497	\$ 2,053,500	\$ 477,355	\$ 124,224	\$ 2,695,129	\$ 2,786,547	\$ 329,178	\$ 60,098	\$ 8,648,528

**The Corporation of the Township of Pelee  
Schedule of Segment Disclosure - Schedule 2**

For the year ended December 31, 2014

Revenue	General government		Protection to persons and property		Transportation		Environmental		Health services		Recreation and cultural services		Planning and development		2014 Total
	\$		\$		\$		\$		\$		\$		\$		
Taxation	405,580		51,088		356,095		248,452		38,791		366,959		10,506		1,477,471
User charges	31,877		-		815		29,801		9,100		157,990		8,201		237,784
Grants	374,436		-		10,373		905,019		-		2,305		-		1,292,133
Interest	8,205		1,472		10,261		7,159		1,118		10,574		303		39,092
Other	5,365		7,455		48,042		-		-		306,297		251		367,410
Gain on disposal of tangible capital assets	-		-		16,176		-		-		-		-		16,176
<b>Expenses</b>	<b>825,463</b>		<b>60,015</b>		<b>441,762</b>		<b>1,190,431</b>		<b>49,009</b>		<b>844,125</b>		<b>19,261</b>		<b>3,430,066</b>
Salaries and benefits	289,890		3,667		148,728		162,636		5,293		269,907		2,493		882,614
Materials and supplies	176,816		16,734		208,673		227,512		15,515		340,472		17,355		1,003,077
Interest	-		-		4,952		54,591		-		3,091		-		62,634
Contract service	-		34,620		-		34,619		-		-		786		70,025
Amortization	2,903		3,000		220,713		68,456		4,527		21,383		110,670		431,652
Other	29,810		-		346		7,927		55,116		337		-		93,536
Annual surplus	499,419		58,021		583,412		555,741		80,451		635,190		131,304		2,543,538
(deficit) for the year	\$ 326,044		\$ 1,994		\$ (141,650)		\$ 634,690		\$ (31,442)		\$ 208,935		\$ (112,043)		\$ 886,528

**The Corporation of the Township of Pelee  
Schedule of Segment Disclosure - Schedule 2**

For the year ended December 31, 2013

	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2013 Total
<b>Revenue</b>								
Taxation	\$ 143,158	\$ 30,486	\$ 213,624	\$ 665,280	\$ 22,079	\$ 190,403	\$ 92,136	\$ 1,357,166
User charges	29,918	-	2,830	45,148	6,421	151,699	11,683	247,699
Grants	87,647	-	-	332,695	-	3,060	-	423,402
Interest	2,052	881	6,170	19,216	638	5,499	2,661	37,117
Other	9,456	9,444	47,269	110	829	357,958	278	425,344
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-
	<u>272,231</u>	<u>40,811</u>	<u>269,893</u>	<u>1,062,449</u>	<u>29,967</u>	<u>708,619</u>	<u>106,758</u>	<u>2,490,728</u>
<b>Expenses</b>								
Salaries and benefits	276,641	12,987	132,793	145,818	1,692	287,722	3,841	861,494
Material and supplies	184,168	30,453	159,682	174,954	7,670	382,005	9,412	948,344
Interest	-	-	6,957	59,917	-	6,894	-	73,768
Contract service	-	36,377	-	66,685	-	-	20,765	123,827
Amortization	767	3,000	220,713	33,362	4,528	21,383	145,716	429,469
Other	39,797	-	1,495	9,630	58,447	384	-	109,753
	<u>501,373</u>	<u>82,817</u>	<u>521,640</u>	<u>490,366</u>	<u>72,337</u>	<u>698,388</u>	<u>179,734</u>	<u>2,546,655</u>
<b>Annual surplus (deficit) for the year</b>	\$ (229,142)	\$ (42,006)	\$ (251,747)	\$ 572,083	\$ (42,370)	\$ 10,231	\$ (72,976)	\$ (55,927)

**The Corporation of The Township of Pelee  
Schedule of Special Area Charges - Schedule 3**

For the years ended December 31

	Big Marsh Drain	Curry Marsh Drain	Round Marsh Drain	West Shore Road Water System	East Shore Road Water System	2014 Total	2013 Total
<b>Revenue</b>							
Grant	\$ 25,645	\$ 7,115	\$ -	\$ -	\$ -	\$ 32,760	\$ 29,087
User charges	89,297	20,798	-	6,209	3,507	119,811	79,268
	114,942	27,913	-	6,209	3,507	152,571	108,355
<b>Expenditures</b>							
Operator's salary	27,160	9,367	-	39,896	23,974	100,397	78,482
Operations	85,913	18,935	-	138,825	19,590	263,263	214,753
	113,073	28,302	-	178,721	43,564	363,660	293,235
<b>Revenue under expenditures</b>	\$ 1,869	\$ (389)	\$ -	\$ (172,512)	\$ (40,057)	\$ (211,089)	\$ (184,880)
<b>Accumulated net surplus (deficit), beginning of year</b>	\$ 43,087	\$ 88,579	\$ -	\$ (1,125,404)	\$ (445,621)	\$ (1,439,359)	\$ (1,254,479)
<b>Accumulated net surplus (deficit), end of year</b>	\$ 44,956	\$ 88,190	\$ -	\$ (1,297,916)	\$ (485,678)	\$ (1,650,448)	\$ (1,439,359)

**The Corporation of the Township of  
Pelee  
Trust Funds  
Financial Statements  
For the year ended December 31, 2014**





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180 Talbot Street S  
Essex ON N8M 1B6 Canada

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## Independent Auditor's Report

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### To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Pelee

We have audited the balance sheet of the trust funds of The Corporation of the Township of Pelee as at December 31, 2014 and the statement of continuity of the trust funds for the year ended and a summary of significant accounting policies (together "the financial statements").

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Township of Pelee as at December 31, 2014 and the continuity thereof, in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Essex, Ontario  
June 01, 2015

**The Corporation of the Township of Pelee  
Trust Funds  
Balance Sheet**

**December 31**

	Cemetery and Headstone Care and Maintenance	
	2014	2013
<b>Financial assets and liabilities</b>		
Cash	\$ 104	\$ 54
Term deposit	7,388	7,225
	<b>\$ 7,492</b>	<b>\$ 7,279</b>
 <b>Accumulated surplus</b>	 <b>\$ 7,492</b>	 <b>\$ 7,279</b>

**Statement of  
Continuity**

**For the year ended December 31**

	Cemetery and Headstone Care and Maintenance	
	2014	2013
<b>Revenues</b>		
Interest and other	\$ 163	\$ 159
Headstone placement contribution	50	-
	213	159
 <b>Expenditures</b>	-	-
 <b>Net change in trust funds during the year</b>	213	159
 <b>Accumulated surplus, beginning of the year</b>	7,279	7,120
 <b>Accumulated surplus, end of the year</b>	 <b>\$ 7,492</b>	 <b>\$ 7,279</b>

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**The Corporation of the Township of Pelee  
Trust Funds  
Note to Financial Statements**

**December 31, 2014**

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**1. Summary of significant accounting policies**

The Trust Fund financial statements are the representation of management and have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Precise determination of some assets and liabilities may be dependent upon future events and involves the use of estimates and approximations. These estimates have been based upon the information available using careful judgment and review.

**(a) Basis of accounting**

- i) Sources of financing and expenditures are reported on the accrual basis of accounting
- ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.